

HURRICANE MITCH RECONSTRUCTION UPDATE



USAID/Nicaragua Hurricane Mitch Reconstruction Program

<i>(U.S. Millions of Dollars)</i>	<i>\$103.6</i>
<i>Public Health</i>	<i>30.6</i>
<i>Economic Reactivation</i>	<i>53.5</i>
<i>Disaster Mitigation</i>	<i>6.6</i>
<i>Education</i>	<i>4.5</i>
<i>Municipal Infrastructure</i>	<i>2.9</i>
<i>Transparency and Accountability</i>	<i>1.0</i>
<i>Food Aid</i>	<i>4.5</i>



Departments of Nicaragua
Affected by Hurricane Mitch

HELPING DAIRY PRODUCERS IMPROVE QUALITY AND SECURE NEW MARKETS

Jinotega, Nicaragua—Hurricane Mitch nearly bankrupted the Lácteos Santa Martha cheese factory, located in this mountain town, 162 km north of Managua. Farms that provided raw milk were flooded; roads and bridges that connected the area to its principal markets were washed out.

“We were suffering enormous losses,” said Ulises Gonzalez, co-owner and general manager of this small cheese making plant that his family runs out of a converted garage at their home. “We were ready to give up and close down operations.”

According to Gonzalez, the business was saved by USAID’s Agricultural Reconstruction Assistance Program (ARAP).

“The project offered us help to improve the quality of our products and to open up new market opportunities,” said Gonzalez.



Martha Justina and Ulises Gonzalez, sister and brother, secured certification and new market opportunities for the family-run Lácteos Santa Martha through a USAID program.

The USAID agricultural assistance program is a \$6.8 million market-led development project directed towards producers in areas affected by Hurricane Mitch in October 1998. ARAP is one of several projects funded from the \$53.5 million economic reactivation component of the Hurricane Mitch Reconstruction program. The goal of the project is to help farmers recover from Hurricane Mitch and improve their standard of living by increasing market opportunities through improved and diversified farming methods and by raising the quality of agricultural products. Nearly 3,500 households, so far, are participating in USAID’s wide range of ARAP activities.

An important part of USAID’s initiatives under the ARAP project is

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The USAID ARAP program provides technical assistance on quality control and marketing for Nicaragua dairy producers.

HELPING DAIRY PRODUCERS IMPROVE QUALITY...

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to help Nicaragua's dairy industry improve quality and market sales. The project provides a combination of technical assistance in quality norms, processing methods (in particular pasteurization), and hygienic standards that will facilitate the certification of Nicaraguan dairy products for export. This assistance is complemented by ARAP's work in improving genetic traits and feeding practices of the country's dairy herds to raise milk yield potential. These activities will benefit a minimum of 1,300 dairy producers in Hurricane Mitch-affected areas and are expected to lead to over \$3.5 million in new sales by December 2001.

Already, five Nicaraguan dairy plants receiving assistance from the USAID project have achieved export certification. These plants have since exported more than 838,000 pounds of cheese valued at over \$1 million to Honduras and El Salvador.

Since it began working with the USAID/ARAP program, Lácteos Santa Martha has made radical changes in its cheese production including replacing wood equipment with hygienic stainless steel, purchasing new machinery, organizing the flow of milk and keeping records of the process. The upgraded production process and quality of their products earned Lácteos Santa Martha certification for exporting to neighboring Honduras and El Salvador. The small dairy plant was also granted permits allowing



Lácteos Santa Martha received certification to export products to Honduras and El Salvador after upgrading production processes.

their products to enter the United States. In addition, after attending an observational tour of cheese production in Honduras, owner Gonzalez began producing two new products — Italian Provolone and string cheese which are currently being sold to an exclusive Italian restaurant in Managua and the Inter Continental Hotel.

Recently, the Santa Martha label was awarded an international prize for quality and packaging of its dairy products.

With new products and an expanding market, Santa Martha is fast outgrowing its small garage facilities. With assistance from the ARAP program, the Gonzalez family secured a \$128,000 loan to build a new, improved processing plant that will enable them to increase production and sales. The new plant will provide more jobs in the area and the increased demand for raw milk will benefit dairy farmers.

Said Santa Martha proprietor Ulises Gonzalez: "We've made a 180 degree turn in the direction of this business. Definitely, without a doubt, we owe our success to the [USAID] project."



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